

TO: Assessing Officers  
Equalization Directors

Bulletin No. 4 - February 10, 1984  
Exempt Personal Property Farm Use

FROM: State Tax Commission

STATE OF MICHIGAN

FRANK J. KELLEY, ATTORNEY GENERAL

TAXATION:

Exemption from ad valorem  
general property taxation of  
equipment owned by a fertilizer  
company and leased to and used  
by a farmer in agricultural  
operations

Personal property owned by a fertilizer company and leased to and actively used by a farmer in agricultural operations is exempt from ad valorem general property taxation.

Opinion No. 6204

FEB 08 1984

Honorable Norman D. Shinkle  
State Senator  
State Capitol  
Lansing, Michigan 48909

You have requested my opinion upon a question involving the taxation of personal property under 1893 PA 206; MCLA 211.1 et seq; MSA 7.1 et seq. In your request you indicate that the equipment in question is owned by a fertilizer company and that it is leased to farmers for use in agricultural operations. Your question is:

Whether or not the equipment of a fertilizer company is taxable or is tax exempt.

1893 PA 206, § 1; MCLA 211.1; MSA 7.1, provides "[t]hat all property, real and personal, within the jurisdiction of this state, not expressly exempted, shall be subject to taxation." In 1893 PA 206, supra, § 9(j), the Legislature has delineated under what circumstances certain personal property is exempt from general property taxation:

"The following personal property shall be exempt from taxation:

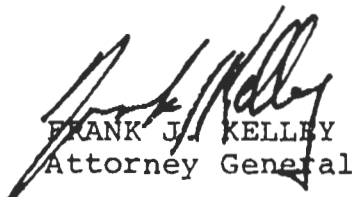
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"(j) Property actually being used in agricultural operations and the farm implements held for sale or resale by retail servicing dealers for use in agricultural production. As used in this subdivision, 'agricultural operations' means farming in all its branches, including cultivation of the soil, growing and harvesting of an agricultural, horticultural, or floricultural commodity, dairying, raising of livestock, bees, fur-bearing animals, poultry, or fish, turf and tree farming, and any practices performed by a farmer or on a farm as an incident to, or in conjunction with, farming operations."

Thus, personal property "used in agricultural operations" is exempt from the general ad valorem property taxation. The exemption is not predicated upon ownership of the personal property by an entity engaged in agricultural operations. The only qualification is that the property be used in "agricultural operations" as that term is defined in 1893 PA 206, § 9(j), supra.

The Legislature has not seen fit to limit the exemption to personal property owned by entities actually engaged in agricultural operations. The sole criteria for exemption is that the personal property be used in agricultural operations.

It is my opinion, therefore, that personal property owned by a fertilizer company and leased to and actually used by the farmer in agricultural operations is exempt from ad valorem general property taxation.

  
FRANK J. KELLEY  
Attorney General